

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: ATMOS ENERGY CORPORATION	DOCKET NOS. WRU-03-23-222 TF-03-127
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ORDER REJECTING TARIFF AND GRANTING LIMITED WAIVER

(Issued July 21, 2003)

On April 21, 2003, Atmos Energy Corporation (Atmos) filed a proposed tariff to replace the existing level payment plan section of its current tariff with a budget payment plan section. On May 15, 2003, the Board issued an order docketing the proposed tariff for further review since the provisions of the proposed budget plan did not comply with the requirements of a level payment plan in 199 IAC 19.4(11)"d," "f," and "g." On May 19, 2003, Atmos filed a request to waive the provisions of 199 IAC 19.4(11)"d," "f," and "g" to allow the budget payment plan to be implemented and the proposed tariff to be approved.

The budget plan proposed by Atmos provides for a rolling average payment based upon the preceding 12 months' of actual bills. When a customer enters the budget plan, the first payment is calculated as the monthly average of the immediately preceding 12 months. For each subsequent month, the calculation is updated to reflect the most recent 12-months' billing history. Because the amount is adjusted each month, Atmos does not have to do an annual true-up of a customer's

account. Atmos states that while this method may not produce a fixed, flat monthly payment as contemplated by the applicable rules, it actually provides more benefits to Atmos's Iowa customers. Atmos proposes to bring a customer's account to zero before the customer enters the budget plan.

The current provisions of the Board's rules for the establishment of a level payment plan are designed to provide a customer with a stable and predictable payment each month. The level payment is calculated as the sum of estimated charges divided by the number of standard billing intervals, all for the next 12 consecutive months, 199 IAC 19.4(11)"d." The level payment plan account balance on the anniversary date shall be carried forward and added to the estimated charges for service during the next year and this total will be the basis for computing the next year's periodic billing interval level payment amount, 199 IAC 19.4(11)"f." The level payment is computed at the time of entry into the plan and may then be recalculated each anniversary date, or upon customer request or whenever price, consumption, alone or in combination results in a new estimate differing by 10 percent or more from that time in use, 199 IAC 19.4(11)"g."

The budget plan proposed by Atmos may offer customers a better alternative than a level payment under current rules. Preliminary data provided by Atmos indicates that under the budget plan payments would change less dramatically than under actual usage or under the Board's rules. However, additional information is needed before the Board is ready to allow a permanent change in level payment

plans. The Board is establishing an inquiry, Docket No. NOI-03-3, to investigate what changes should be made to the level payment rules.

The Board will grant Atmos a limited waiver to allow the budget plan to be offered to customers for up to 18 months to allow the Board to complete its inquiry and to allow Atmos to collect additional data based upon Iowa customer gas usage. The Board finds that it would be an undue hardship for Atmos customers to forego the benefits of what is potentially a more stable and predictable payment plan.

Additionally, the Board finds that granting the waiver will not prejudice the substantive legal rights of any person and that the provisions of the level payment plan are not specifically mandated by statute. Finally, the Board finds that substantially equal protection of public health, safety, and welfare will be afforded by a means other than the rule waived, specifically by the terms of the proposed tariff.

The Board will deny Atmos's proposal to bring current level payment plan customer account balances to zero to begin the budget plan. Customers should not be faced with paying their entire balance before entering the budget plan. Where there is a balance owing in a customer's account, Atmos shall divide the balance by 12 and add 1/12 of the balance to the budget payment each month for 12 months to remove the amount owed. If there is a credit, Atmos may either pay the customer or adjust the payment under the budget plan, at the customer's option.

Since the Board will be reviewing the level payment rules during the period of this waiver, the Board will require Atmos to collect data for at least ten customers and file it every six months in Docket No. NOI-03-3. The data should show for those

customers on the budget plan what the actual bill would have been, what the bill would have been under the current level payment rule, and what the payment is under the budget plan.

Prior to implementation of the budget plan, Atmos will be required to file the notice to customers of the budget plan and a revised tariff sheet showing that the budget plan is limited to a maximum of 18 months. The tariff sheet is not to replace the current level payment plan tariff but is a supplemental page allowing Atmos to implement the new budget billing plan. The notice will explain the new plan and the 18-month limit and the review of the Board of level payment rules. The notice shall also provide the Board's telephone number.

IT IS THEREFORE ORDERED:

1. Atmos Energy Corporation is granted a limited waiver of 199 IAC 19.4(11)"d," "f," and "g" for a period of up to 18 months to offer customers a budget payment plan as described in the waiver request filed May 19, 2003.
2. The proposed tariff filed by Atmos Energy Corporation on April 21, 2003, and identified as Docket No. TF-03-127, is rejected.
3. Atmos Energy Corporation shall file a proposed supplemental tariff sheet, Sheet No. 4A, that contains the budget payment plan and indicates that it is limited to a maximum of 18 months.
4. Atmos Energy Corporation shall file for Board approval the notice that will be provided to customers explaining the budget payment plan prior to implementation of the plan.

5. Atmos Energy Corporation shall file data concerning the budget payment plan as described in this order every six months in Docket No. NOI-03-3.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 21st day of July, 2003.